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## ABSTRACT

The Elementary Secondary Education Act (ESEA) of 1965 authorizes 39 programs that are administered by the United States Department of Education and account for \$8.6 billion in FY 1993. ESEA funds are distributed through three allocation methods: formulas, discretionary grants, and specifically designated recipients. Almost half of ESEA programs distribute funds through discretionary grants, but most ESEA funds are distributed through allocation formulas. In FY 1993, 93 percent of all ESEA funds are awarded in 39 funded programs, 14 of which require allocation formulas. These formulas determine the proper recipient level of government, population groups, cost factors, minimum grant provisions, and special provisions for the Outlying Areas (Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and Palau). Of the 39 funded programs, 19 allocate funds through competitive awards. This method is most often used for programs with smaller funding levels such as demonstration programs, technical assistance, or research activities that are unlikely to need funding in every state or school district. Only 6 of 39 ESEA programs use funding where the specific recipient is identified. This method is used most often to support a specific study or evaluation, or a particular private organization or activity. (JPT)

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# CRS Report for Congress

## Elementary and Secondary Education Act of 1965: Allocation Methods

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# **ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965: ALLOCATION METHODS**

## **SUMMARY**

The Elementary and Secondary Education Act of 1965 (ESEA) authorizes 39 programs that have been funded at least once during the past 6 years. These programs are administered by the U.S. Department of Education, and account for appropriations of \$8.6 billion in FY 1993. The ESEA is scheduled to be reauthorized by the 103d Congress.

The ESEA includes three different types of allocation methods by which the Secretary of Education distributes these funds: formulas, discretionary grants, and specifically designated recipients. Nearly half of the ESEA programs distribute awards through discretionary grants, but most ESEA funds are distributed through allocation formulas. The chapter 1, title I program of grants to local educational agencies (LEAs) is distributed by allocation formula, accounting for 71 percent of all ESEA funds. As highlighted below, this report describes the major allocation methods used for the distribution of ESEA funds.

***Most ESEA funds are distributed through allocation formulas.*** Of the 39 funded programs, 14 require allocation formulas, and these account for 93 percent of all ESEA funds in FY 1993. These formulas typically specify the recipient level of government, population groups, cost factors, minimum grant provisions, and special provisions for the Outlying Areas. The chapter 1 program of grants to LEAs specify grants to LEAs or counties for the education of disadvantaged children. Most of the remaining formula grant programs allocate awards to the States; these programs support the special needs of other students, such as migratory children; instruction in special subjects, such as mathematics; or program improvement and innovation, such as the chapter 2 education block grant.

***Almost half of the ESEA programs authorize discretionary grants.*** Of the 39 programs, 19 allocate funds through competitive awards, usually under the administration of the Secretary of Education. This method of distribution appears to be favored for ESEA programs with smaller levels of funding, such as demonstration programs, technical assistance, or research activities that are unlikely to need funding in every State or school district. Eligible recipients often include LEAs or State educational agencies, and sometimes include nonprofit organizations and institutions of higher education.

***A few ESEA programs specify the recipient that is to receive funding for the specified activity.*** Of the 39 programs, 6 programs use this allocation method. This method appears to be used when the Congress wants to support a specific study or evaluation, or a particular private organization or activity. Examples include the National Commission on Migratory Education, Reading Is Fundamental, Inc. (RIF), and the Close-Up Foundation.

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## ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965: ALLOCATION METHODS

This report describes the major allocation methods used for the distribution of Federal funds for elementary and secondary education: allocation formulas, discretionary grants, and designated recipients. The report discusses only the programs authorized under the Elementary and Secondary Education Act of 1965, P.L. 89-10 (ESEA). Although the Congress has enacted several amendments in the past few years, the last major revision and extension of the ESEA was through the enactment of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, P.L. 100-297.<sup>1</sup> The ESEA is scheduled to be reauthorized by the 103d Congress.

The ESEA authorizes 39 programs that have received funding at least once since the enactment of the 1988 Amendments; the report **excludes** 6 ESEA programs that have not been funded since 1988.<sup>2</sup> Congress appropriated \$8.6 billion for these programs in FY 1993. The Secretary of Education distributes 93.3 percent of these funds (\$8.0 billion) through allocation formulas under 14 ESEA programs. In particular, the title I, chapter 1 program for local educational agencies (LEAs), consisting of basic and concentration grants, accounts for \$6.1 billion, or 71 percent of FY 1993 ESEA funds. Basic and concentration grants use separate allocation formulas, but recipients use these funds for the same objective, the provision of supplementary educational and related services to educationally disadvantaged children. With regard to the other ESEA programs, nearly half, 19 out of 39, require the allocation of awards under discretionary authority of the Secretary (\$0.6 billion, 6.4 percent). Under the ESEA statute, 6 programs specify the recipients that are to receive funds (\$32 million, 0.3 percent). Each of these allocation methods is discussed below.

### ALLOCATION FORMULAS

Most dollars that are distributed under ESEA programs are allocated by formula under 14 programs, and most formula funds are distributed under the chapter 1 LEA basic programs. Education formulas typically specify several characteristics, including: **level of government**, such as States, counties, or LEAs; **population groups**, such as the number of children from low-income

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<sup>1</sup>For background information on P.L. 100-297, see U.S. Library of Congress. Congressional Research Service. *Elementary and Secondary Education: A Summary of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, Public Law 100-297*. CRS Report for Congress No. 88-458 EPW, by the Education Section. Washington, 1988.

<sup>2</sup>For a brief summary of the ESEA, see U.S. Library of Congress. Congressional Research Service. *Elementary and Secondary Education Act of 1965: FY 1993 Guide to Programs*. CRS Report for Congress No. 92-625 EPW, by Paul M. Irwin. Washington, 1992.

families; and **cost factors and other adjustments**, such as minimum award amounts and special provisions for the Outlying Areas (Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and Palau).<sup>3</sup>

### Level of Government

Allocation formulas usually designate a single unit of government as the basis for the calculation of grants. These governmental units are usually, but not always, the direct recipient of the Federal grants, and in most cases the recipients have the primary responsibility for the nonfederal administration of the program. The ESEA allocations formulas usually specify States, or State educational agencies (SEAs), as the units of government for the allocation formulas.<sup>4</sup> For the Even Start program, grants to States are contingent on an annual appropriation of \$50 million or more; otherwise, the Secretary must make discretionary grants to LEAs, community-based organizations, or other nonprofit organizations.<sup>5</sup> Two exceptions to the specification of States as the basis for ESEA formula allocations occur in title I, chapter 1, as follows:<sup>6</sup>

- Under the **LEA basic grant program**, LEAs are designated as the basis for the allotments if the Secretary of Education determines that satisfactory data for that purpose are available; otherwise, grants are determined at the county level, as has been the case since the start of the program in 1965. When funds are distributed by formula to counties, chapter 1 requires States to determine LEA allocations from funds available to each county.
- For **chapter 1 concentration grants**, allocations are initially calculated on the basis of data at the county level, with additional

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<sup>3</sup>Section 6207 of P.L. 100-297 requires the Secretary of Education to conduct a study of the methods used for the allocation of funds among the States in Federal elementary and secondary education programs. Completed in 1991, the study analyzes whether States and local school districts should be rewarded for greater tax and fiscal efforts in support of education. The study assesses major ESEA allocation formulas, alternatives to current allocations, and the interstate distribution of funds. In contrast with this report, the Secretary's study: analyzes some Federal programs authorized outside of the ESEA, including the impact aid program, education of disabled individuals, and vocational and adult education programs, excludes ESEA programs with smaller funding levels; and excludes all nonformula programs. For the full report, please see U.S. Department of Education. Office of Planning and Evaluation. *The Distribution of Federal Elementary-Secondary Education Grants Among the States*. Stephen M. Barro, SMB Economic Research Inc., as subcontractor to Westat. Washington, 1991.

<sup>4</sup>In this report, the term State means the 50 States, the District of Columbia, and Puerto Rico, unless indicated otherwise.

<sup>5</sup>In this report, discussion of formula allocations for the Even Start program assumes an appropriation of at least \$50 million; the FY 1993 appropriation is \$89 million.

<sup>6</sup>For additional information on chapter 1 allocation formulas and programs, see U.S. Library of Congress. Congressional Research Service. *Chapter 1--Education for Disadvantaged Children: Background and Issues*. CRS Report for Congress No. 92-878 EPW, by Wayne C. Riddle. Washington, 1992.

adjustments, discussed below, for minimum amounts for States. As with basic grants, States determine LEA allocations from the funds available to each county.<sup>7</sup>

### Population Groups

Education allocation formulas usually rely on population groups that approximate the intended beneficiaries. For the chapter 1 program for LEAs, the intended beneficiaries are **educationally** disadvantaged children living in relatively low-income areas (and the schools such children attend). Because nationally comparable data for such children are not collected, a measure of **economically** disadvantaged children is used as a proxy--the number of children aged 5 to 17 from low-income families ("poverty children"), as estimated in the decennial census. Two other special populations are counted along with poverty children for LEA allocations: (1) children in families above the poverty level that are receiving payments under the program for aid to families with dependent children; and (2) children living in institutions for neglected or delinquent children, or being supported in foster homes with public funds. However, the latter two groups together constitute approximately 4 percent of the children counted under the chapter 1 formula.

For other ESEA allocation formulas, a variety of populations are used for the calculation of grants, generally corresponding to the intended beneficiaries, or, in some instances, allocations are made proportional to grants from another program with a related purpose. For some programs, the intended beneficiaries are the entire elementary and secondary population. For these programs, the school age population of 5 to 17 years old is used as the basis for allocations. Examples include the chapter 2 education block grant program, foreign languages assistance, and part of the allocations for math and science State grants and drug-free schools State grants. For another group of programs, intended beneficiaries are similar to those under the chapter 1 program for LEAs. These programs include the Even Start program, chapter 1 grants for State administration and program improvement, and the remaining allocations for math and science State grants and drug-free schools State grants. Some programs are more closely targeted on a special population, such as migratory children or children with disabilities. In these instances, the allocation population is more narrowly defined to match the specific population. Table 1 summarizes the various population groups for each of the ESEA programs specifying an allocation formula.

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<sup>7</sup>For additional information on concentration grants, see U.S. Library of Congress. Congressional Research Service. *Chapter 1 Concentration Grants: An Analysis of the Concept, and its Embodiment in Federal Elementary and Secondary Education Legislation*. CRS Report for Congress No. 88-670 EPW, by Wayne Riddle. Washington, 1988.

**TABLE 1. ESEA Programs and Populations Used for Allocations**

| <b>Program<sup>a</sup></b>                                                                 | <b>Population</b>                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Title I--Basic Programs</b>                                                             |                                                                                                                                                                                                                                                                                                                                                       |
| Chapter 1 basic grants for LEAs                                                            | Children 5 to 17 years old from low-income families, children in families receiving payments under the aid to families with dependent children program that are above the poverty level for a family of four, and children living in institutions for the neglected and delinquent, or being supported in foster homes with public funds <sup>b</sup> |
| Concentration grants for LEAs                                                              | Same as for chapter 1 basic grants for LEAs. <sup>c</sup>                                                                                                                                                                                                                                                                                             |
| Capital expenses for private school children                                               | Children enrolled in private schools who were served under chapter 1 from July 1, 1984, through June 30, 1985                                                                                                                                                                                                                                         |
| Even Start                                                                                 | Grants are proportional to chapter 1 basic grants for LEAs, subject to certain exceptions.                                                                                                                                                                                                                                                            |
| Migratory children                                                                         | Currently or formerly migratory children of migratory agricultural workers or fishermen, 3 to 21 years old                                                                                                                                                                                                                                            |
| Handicapped children                                                                       | Children with disabilities, birth to age 21 years old, in programs or schools operated or supported by a State agency for such children; under specific conditions, such children who transfer to LEAs are also counted.                                                                                                                              |
| Neglected and delinquent                                                                   | Neglected and delinquent children in schools operated or supported by a State agency for such children                                                                                                                                                                                                                                                |
| State administration                                                                       | Grants are proportional to chapter 1 grants for LEAs and State agencies.                                                                                                                                                                                                                                                                              |
| State program improvement                                                                  | Grants are proportional to chapter 1 grants for LEAs and State agencies.                                                                                                                                                                                                                                                                              |
| State block grants                                                                         | Population 5 to 17 years old                                                                                                                                                                                                                                                                                                                          |
| <b>Title II--Critical Skills Improvement (Mathematics, Science, and Foreign Languages)</b> |                                                                                                                                                                                                                                                                                                                                                       |
| Math and science State grants                                                              | Half of the allocation is in proportion to chapter 1 grants for LEAs; half in proportion to the population 5 to 17 years old.                                                                                                                                                                                                                         |
| Foreign languages assistance                                                               | Population 5 to 17 years old                                                                                                                                                                                                                                                                                                                          |
| <b>Title IV--Special Programs</b>                                                          |                                                                                                                                                                                                                                                                                                                                                       |
| Emergency immigrant education                                                              | Immigrant children in elementary and secondary school <sup>d</sup>                                                                                                                                                                                                                                                                                    |
| <b>Title V--Drug-Free Schools and Communities Act of 1986</b>                              |                                                                                                                                                                                                                                                                                                                                                       |
| State grants                                                                               | Population 5 to 17 years old, with a portion of the funds distributed in proportion to chapter 1 grants for LEAs                                                                                                                                                                                                                                      |

Please see footnotes at end of table.

**TABLE 1. ESEA Programs and Populations Used for Allocations--  
Continued**

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<sup>a</sup>Each ESEA program is described in U.S. Library of Congress. Congressional Research Service. *Elementary and Secondary Education Act of 1965: FY 1993 Guide to Programs*. CRS Report for Congress No. 92-625 EPW, by Paul M. Irwin. Washington, 1992.

<sup>b</sup>An LEA must have at least 10 children counted under the allocation formula to qualify for a chapter 1 basic grant; a similar type of minimum applies if allocations are made at the county level.

<sup>c</sup>A county **qualifies** for a concentration grant only if it has at least 6,500 children counted under the chapter 1 basic grant formula or if it has a child poverty rate of at least 15 percent. In the **distribution of funds**, however, all formula children are counted if the 15 percent threshold is met, but only the number of children **above** 6,500 are counted if only that threshold is met.

<sup>d</sup>Only immigrant children in an LEA with at least 500 eligible children, or 3 percent of the total public and nonpublic enrollment, whichever is less, count toward the allocation of emergency immigrant education grants. Immigrant children are children who were not born in the United States and who have been attending school in the United States for at least 3 academic years.

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**NOTE:** Table prepared by the Congressional Research Service.

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### **Cost Factors and Other Adjustments**

Most ESEA allocation formulas include a series of adjustments or multiplicative factors following the initial allotment of funds in proportion to a population group. Typical adjustments include cost factors, minimum grants, and special provisions for Outlying Areas; these provisions are described in this section. Some programs require other types of adjustments, such as ratable reductions when the available funds are insufficient to meet all other requirements, reallocation procedures for instances when recipients return part or all of their grants, special funding requirements for Indian education or national programs. These special requirements generally are not central to the ESEA allocation formulas and are not within the scope of this report.

#### **Cost Factors**

Cost factors are typically used in allocation formulas to adjust for different types of economic considerations, including differences in the cost of providing services and in the need or ability of recipients to provide such services. Cost factors are particularly relevant to the chapter 1 programs of LEA basic grants and State agency grants. For each of these programs, the population group is multiplied by 40 percent of the State average per pupil expenditure. Thus, although it is called a "cost" factor, it is really an "expenditure" factor, reflecting State differences not only in the cost of providing elementary and secondary education, but also in the apparent willingness and ability to pay for such education. The chapter 1 programs limit the average per pupil expenditure within each State so that it cannot be less than 80 percent nor more than 120 percent of the national average per pupil expenditure. The cost factor for Puerto Rico requires a special calculation. For the chapter 1 concentration

grants for LEAs, the cost factor is the ratio of the current year LEA basic grant divided by the population counted for such a grant in the previous year. Whenever the population is identical from one year to the next, the concentration grant cost factor is the same as the factor used for LEA basic grants.

Other ESEA programs require other types of cost factors in their allocation formulas. Five programs depend **indirectly** on the chapter 1 cost factor described above because the grants are proportional to chapter 1, including the Even Start program, chapter 1 State administration, chapter 1 State program improvement, and parts of the math and science State grants and the drug-free schools State grants. The emergency immigrant education program has a cost factor of \$500. Three programs have no cost factor: capital expenses for private school children, State block grants, and foreign languages assistance; for these programs, funds are allocated in proportion to the eligible population, with adjustments for minimum provisions and other factors. Two additional programs have no cost factor for part of their allocations: the math and science State grants and the drug-free schools State grants. Table 2 summarizes the various cost factors for ESEA allocation formulas.

TABLE 2. ESEA Programs and Cost Factors

| Program <sup>a</sup>                                                                       | Cost factor                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Title I--Basic Programs</b>                                                             |                                                                                                                                                                                              |
| Chapter 1 basic grants for LEAs                                                            | Forty percent of the State average per pupil expenditure, with limits of 80 percent and 120 percent of the national average per pupil expenditure, with a special adjustment for Puerto Rico |
| Concentration grants for LEAs                                                              | Same as chapter 1 basic grants for LEAs, except when the population group differs from the preceding year                                                                                    |
| Capital expenses for private school children                                               | No cost factor specified                                                                                                                                                                     |
| Even Start                                                                                 | No cost factor specified <sup>b</sup>                                                                                                                                                        |
| Migratory children                                                                         | Same as for chapter 1 basic grants for LEAs                                                                                                                                                  |
| Handicapped children                                                                       | Same as for chapter 1 basic grants for LEAs                                                                                                                                                  |
| Neglected and delinquent                                                                   | Same as for chapter 1 basic grants for LEAs                                                                                                                                                  |
| State administration                                                                       | No cost factor specified <sup>b</sup>                                                                                                                                                        |
| State program improvement                                                                  | No cost factor specified <sup>b</sup>                                                                                                                                                        |
| State block grants                                                                         | No cost factor specified                                                                                                                                                                     |
| <b>Title II--Critical Skills Improvement (Mathematics, Science, and Foreign Languages)</b> |                                                                                                                                                                                              |
| Math and science State grants                                                              | No cost factor specified <sup>b</sup>                                                                                                                                                        |
| Foreign languages assistance                                                               | No cost factor specified                                                                                                                                                                     |
| <b>Title IV--Special Programs</b>                                                          |                                                                                                                                                                                              |
| Emergency immigrant education                                                              | \$500                                                                                                                                                                                        |
| <b>Title V--Drug-Free Schools and Communities Act of 1986</b>                              |                                                                                                                                                                                              |
| State grants                                                                               | No cost factor specified <sup>b</sup>                                                                                                                                                        |

<sup>a</sup>Each ESEA program is described in U.S. Library of Congress. Congressional Research Service. *Elementary and Secondary Education Act of 1965: FY 1993 Guide to Programs*. CRS Report for Congress No. 92-625 EPW, by Paul M. Irwin. Washington, 1992.

<sup>b</sup>The cost factor for chapter 1 basic grants for LEAs applies indirectly whenever allotments are made proportional to the chapter 1 LEA grants.

**NOTE:** Table prepared by the Congressional Research Service.

### ***Minimum Provisions***

The ESEA allocation formulas typically specify minimum amounts to ensure funding at a level sufficient for every recipient to provide at least a minimum level of services. Of the 14 ESEA allocation formulas, 5 programs require a minimum State grant of 0.5 percent of the total allocation for at least part of their allotment.<sup>8</sup> The chapter 1 program of basic and concentration grants for LEAs specifies, in conjunction with other requirements, a minimum State grant of 0.25 percent of the total allocation. Four of 14 programs specify an exact amount, such as \$250,000, for the minimum State grant. Five of the 14 programs do not specify any minimum allocation.

As shown in table 3, a few ESEA programs restrict the amounts that can be obtained from minimum grant provisions. For example, the Even Start program requires a minimum State grant of 0.5 percent of the total allocation to all States with the exceptions that, under specified conditions, (1) no grant can exceed 150 percent of the amount for the previous year, and (2) no grant may be greater than 150 percent of the national average per pupil payment multiplied by the number of children counted for allocations under the Even Start program. In a single instance, ESEA section 1406 limits the total chapter 1 payment to Puerto Rico to a maximum of 150 percent of the aggregate grant obtained from chapter 1 for the preceding year. One ESEA program, the title II math and science State grant program, specifies that a State grant cannot be less than the grant that the State received in 1988. In a related provision and as an example of other types of adjustments to allocations, section 1403(a) requires that whenever appropriations are insufficient to fund chapter 1 grants to State agencies and LEAs at the maximum level authorized, then (a) the grants to State agencies under part D must be fully paid before any other allotments,<sup>9</sup> and (b) the allotments to each LEA must be ratably reduced, but not below the minimum amount of 85 percent of the grant to the LEA in the previous year. Table 3 summarizes the various minimum provisions for ESEA formula allocations.

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<sup>8</sup>There are more provisions than programs indicated in this section because some programs have multiple provisions.

<sup>9</sup>In recent years, annual appropriation language has overridden this requirement.

TABLE 3. ESEA Programs and Minimum Provisions

| Program <sup>a</sup>                                                                       | Minimum provision                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Title I--Basic Programs</b>                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Chapter 1 basic grants for LEAs                                                            | The minimum State grant is 0.25 percent of the total allocation to States under this program, but only if the allotment for each State is at least as much as the State received in 1988. However, under specified conditions, no minimum can exceed 150 percent of the amount for the previous year, and no minimum may be greater than 150 percent of the national average per pupil payment multiplied by the number of children counted for allocations under this program. <sup>b</sup> |
| Concentration grants for LEAs                                                              | The minimum State grant is 0.25 percent of the total allocation to States under this program, or \$250,000, whichever is greater. <sup>b, c</sup>                                                                                                                                                                                                                                                                                                                                            |
| Capital expenses for private school children                                               | No minimum specified                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Even Start                                                                                 | The minimum State grant is 0.5 percent of the total allocation to States under this program, or \$250,000, whichever is greater. However, under specified conditions, no minimum can exceed 150 percent of the amount for the previous year, and no minimum may be greater than 150 percent of the national average per pupil payment multiplied by the number of children counted for allocations under this program.                                                                       |
| Migratory children                                                                         | No minimum specified <sup>d</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Handicapped children                                                                       | No minimum specified <sup>d</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Neglected and delinquent                                                                   | No minimum specified <sup>d</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| State administration                                                                       | The minimum State grant is 1 percent of the amount allocated to the State under part A (LEA grants) and part D (State agency grants) of chapter 1, or \$325,000, whichever is greater. <sup>e</sup>                                                                                                                                                                                                                                                                                          |
| State program improvement                                                                  | \$180,000 per State                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| State block grants                                                                         | The minimum State grant is 0.5 percent of the total allocation to States under this program.                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Title II--Critical Skills Improvement (Mathematics, Science, and Foreign Languages)</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Math and science State grants                                                              | The minimum State grant is 0.5 percent of the total allocation to States under this program. In addition, no State grant shall receive less than its 1988 allocation under title II of the Education for Economic Security Act, P.L. 98-377.                                                                                                                                                                                                                                                 |
| Foreign languages assistance                                                               | The minimum State grant is 0.5 percent of the total allocation to States under this program.                                                                                                                                                                                                                                                                                                                                                                                                 |

**TABLE 3. ESEA Programs and Minimum Provisions--  
Continued**

| Program <sup>a</sup>                                          | Minimum provision                                                                                                                                                                                                 |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Title IV--Special Programs</b>                             |                                                                                                                                                                                                                   |
| Emergency immigrant education                                 | No minimum specified                                                                                                                                                                                              |
| <b>Title V--Drug-Free Schools and Communities Act of 1986</b> |                                                                                                                                                                                                                   |
| State grants                                                  | Except for \$14.7 million, which is distributed without a minimum in proportion to population 5 to 17 years old, the minimum State grant is 0.5 percent of the remaining allocation to States under this program. |

<sup>a</sup>Each ESEA program is described in U.S. Library of Congress. Congressional Research Service. *Elementary and Secondary Education Act of 1965: FY 1993 Guide to Programs*. CRS Report for Congress No. 92-625 EPW, by Paul M. Irwin. Washington, 1992.

<sup>b</sup>When appropriations are insufficient to fully fund all LEA grants, allotments to each LEA must be ratably reduced, but not below a minimum of 85 percent of the prior year's award.

<sup>c</sup>Appropriation language in FY 1992 increased the specific amount from \$250,000 to \$340,000.

<sup>d</sup>Whenever appropriations are insufficient to fully fund all chapter 1 grants to local and State educational agencies, then allocations for this program must be paid in full, prior to any payments to LEAs; appropriation language has overridden this requirement in recent years.

<sup>e</sup>Appropriation language in FY 1992 increased the specific amount from \$325,000 to \$375,000.

**NOTE:** Table prepared by the Congressional Research Service.

### **Outlying Areas**

Most ESEA programs include the Outlying Areas as grant recipients.<sup>10</sup> However, because of the Areas relatively small target populations, special allocation provisions are generally specified. Many programs reserve 1 percent of the total funds for distribution among the Areas according to their respective needs, as determined by the Secretary of Education. A few programs specify the exact or the minimum amount, such as \$30,000 for each Area. In several instances, the Areas are treated as if they were States; in the chapter 1 concentration grants for LEAs program, the Areas do not qualify for any funds. Table 4 summarizes the ESEA allocation provisions for Outlying Areas.

<sup>10</sup>The Outlying Areas generally include Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and Palau; as indicated earlier, the District of Columbia and Puerto Rico are usually treated as if they were States in the ESEA allocation process. In addition, section 802 of the National Literacy Act of 1991, P.L. 102-73, includes the Federated States of Micronesia and the Republic of the Marshall Islands as eligible for competitive grants under the chapter 1 basic grants for LEAs program.

**TABLE 4. ESEA Programs and Allocations for Outlying Areas**

| <b>Program<sup>a</sup></b>                                                                 | <b>Allocation for outlying areas</b>                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Title I--Basic Programs</b>                                                             |                                                                                                                                                                                                                                                                                                                         |
| Chapter 1 basic grants for LEAs                                                            | One percent of the amount available for allocation is reserved for the Outlying Areas, and for the Secretary of the Interior for a program for Indian children. The amount for the Outlying Areas must be distributed among the Areas according to their respective needs, as determined by the Secretary of Education. |
| Concentration grants for LEAs                                                              | Outlying Areas are not eligible for this program.                                                                                                                                                                                                                                                                       |
| Capital expenses for private school children                                               | No special provision; Outlying Areas appear to qualify as if they were States, but do not receive grants under this program.                                                                                                                                                                                            |
| Even Start                                                                                 | Five percent of the amount available for allocation is reserved for the Outlying Areas, programs for migrant children, Indian tribes, and tribal organizations, according to their relative need, as determined by the Secretary of Education.                                                                          |
| Migratory children                                                                         | Not more than 1 percent of the amount available for allocation is reserved for the Outlying Areas, for distribution by the Secretary of Education according to their respective needs.                                                                                                                                  |
| Handicapped children                                                                       | Same as for grants for migratory children                                                                                                                                                                                                                                                                               |
| Neglected and delinquent                                                                   | Same as for grants for migratory children                                                                                                                                                                                                                                                                               |
| State administration                                                                       | The minimum grant to each Outlying Area is 1 percent of the amount allocated to that Area under part A (LEA grants) and part D (State agency grants) of chapter 1, or \$50,000, whichever is greater.                                                                                                                   |
| State program improvement                                                                  | The minimum grant to each Outlying Area is 0.5 percent of the amount allocated to that Area under part A (LEA grants) and part D (State agency grants) of chapter 1, or \$30,000.                                                                                                                                       |
| State block grants                                                                         | Not more than 1 percent of the amount available for allocation is reserved for the Outlying Areas, for distribution by the Secretary of Education according to their respective needs.                                                                                                                                  |
| <b>Title II--Critical Skills Improvement (Mathematics, Science, and Foreign Languages)</b> |                                                                                                                                                                                                                                                                                                                         |
| Math and science State grants                                                              | Not more than 0.5 percent of the amount available for allocation is reserved for the Outlying Areas, for distribution by the Secretary of Education according to their respective needs.                                                                                                                                |

**TABLE 4. ESEA Programs and Allocations for Outlying Areas  
--Continued**

| <b>Program*</b>                                               | <b>Allocation for outlying areas</b>                                                                                                                                       |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Foreign languages assistance                                  | One percent of the amount available for allocation is reserved for the Outlying Areas, for distribution by the Secretary of Education according to their respective needs. |
| <b>Title IV--Special Programs</b>                             |                                                                                                                                                                            |
| Emergency immigrant education                                 | No special provision; Outlying Areas qualify as if they were States for this program.                                                                                      |
| <b>Title V--Drug-Free Schools and Communities Act of 1986</b> |                                                                                                                                                                            |
| State grants                                                  | One percent of the amount available for allocation is reserved for the Outlying Areas, for distribution by the Secretary of Education according to their respective needs. |

\*Each ESEA program is described in U.S. Library of Congress. Congressional Research Service. *Elementary and Secondary Education Act of 1965: FY 1993 Guide to Programs*. CRS Report for Congress No. 92-625 EPW, by Paul M. Irwin. Washington, 1992.

**NOTE:** Table prepared by the Congressional Research Service

## **DISCRETIONARY ALLOCATIONS**

Most ESEA programs specify the distribution of funds by discretionary, competitive awards, usually under the administration of the Secretary of Education. This allocation method appears to be selected for pilot or demonstration programs, technical assistance centers, national research and development activities, emergency grants, and other activities unlikely to need support in every State or school district. Of the 39 ESEA programs, 19 use this method of awards. Eligible recipients often include SEAs and LEAs, and sometimes include nonprofit organizations and institutions of higher education.

In the discretionary awards category, bilingual education was the ESEA program with the greatest appropriation in FY 1993, with \$150 million in funds awarded to LEAs, institutions of higher education, and private nonprofit organizations. More typically, the annual appropriation for ESEA discretionary grant programs under \$50 million, and often considerably less. In some instances, such as the Even Start program, discretionary awards are authorized for lower levels of appropriations (under \$50 million for the Even Start program) and formula allocations to States whenever appropriations exceed the specified threshold. The intent is to preclude grants that might be too small for the recipient to operate a program of sufficient size and effectiveness. Table 5 summarizes ESEA programs that require discretionary allocations.

**TABLE 5. ESEA Programs With Discretionary Allocations<sup>a</sup>****Title I--Basic Programs**

Even Start family literacy<sup>b</sup>  
 Evaluation and technical assistance  
 Rural technical assistance centers  
 National diffusion network  
 Law-related education  
 Blue ribbon schools

**Title II--Critical Skills Improvement**

National programs  
 Regional consortia

**Title III--Magnet Schools Assistance**

Magnet schools assistance

**Title IV--Special Programs**

Women's educational equity  
 Javits gifted and talented students education  
 Territorial teacher training  
 Secretary's fund for innovation in education

**Title V--Drug-Free Schools and Communities Act of 1986**

School personnel training  
 National programs  
 Emergency grants

**Title VI--Projects and Programs Designed to Address School**

Dropout prevention demonstrations

**Title VII--Bilingual Education Act**

Bilingual programs  
 Support services  
 Training grants

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<sup>a</sup>Each ESEA program is described in U.S. Library of Congress. Congressional Research Service. *Elementary and Secondary Education Act of 1965: FY 1993 Guide to Programs*. CRS Report for Congress No. 92-625 EPW, by Paul M. Irwin. Washington, 1992.

<sup>b</sup>The Even Start program requires discretionary allocations **only** when its appropriation is less than \$50 million; an allocation formula is required otherwise. Since the FY 1993 appropriation for Even Start is \$89 million, it is **not** counted as 1 of the 19 ESEA programs requiring discretionary grants.

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**NOTE:** Table prepared by the Congressional Research Service.

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## DESIGNATED RECIPIENTS

A few ESEA programs specify by statute the recipient that is to receive the funds available for a given activity. This allocation method is sometimes favored when the Congress wants to support a specific study or evaluation, or a particular private organization or activity. Six out of 39 ESEA programs use this method. Examples include the National Commission on Migratory Education, the inexpensive book distribution program (for an award to Reading Is Fundamental, Inc.), the arts in education program (two recipients are specified), the Allen J. Ellender Fellowship program (for an award to the Close-Up Foundation), and general assistance to the Virgin Islands.

**TABLE 6. ESEA Programs With Designated Recipients\***

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### Title I--Basic Programs

National Commission on Migrant Education  
Inexpensive book distribution  
Arts in Education

### Title IV--Special Programs

Ellender fellowships  
General assistance to the Virgin Islands  
Civic education

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\*Each ESEA program is described in U.S. Library of Congress. Congressional Research Service. *Elementary and Secondary Education Act of 1965: FY 1993 Guide to Programs*. CRS Report for Congress No. 92-625 EPW, by Paul M. Irwin. Washington, 1992.

**NOTE:** Table prepared by the Congressional Research Service.

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